2003
C-8020

2003 MICHIGAN
SBT Penalty and Interest Computation for Underpaid Estimated Tax
Issued under authority of P.A. 228 of 1975. See instruction booklet for filing guidelines.

1. Name	2. Federal Employer ID Number (FEIN) or TR Number

PART 1: ESTIMATED TAX REQUIRED FOR THE YEAR

3. Annual tax from C-8000, line 49, or from C-8044, line 15 .... 3. _____

4. Required estimate amount. Enter 85% of line 3. If last year's tax was less than $20,000, enter the smaller of last year's tax or 85% of line 3 .... 4. _____

See SBT instruction booklet for exceptions to penalty and interest computation.

	A.	B.	C.	D.
5. **ENTER THE PAYMENT DUE DATES** _____ 5.				
6. Divide amount on line 4 by 4, or by the number of quarterly returns required. If annualizing, enter the amount from Annualization worksheet, line 30 .... 6.				
CAUTION: Complete lines 8 - 15 one column at a time.				
7. Prior year overpayment used on quarterly return .... 7.				
8. Amount paid on quarterly return or SUW return .... 8.				
9. Enter amount, if any, from line 15 of the previous column .... 9.				
10. Add lines 7, 8 and 9 .... 10.				
11. Add amounts on lines 13 and 14 of the previous column and enter the result here .... 11.				
12. Subtract line 11 from line 10. If zero or less, enter zero. For column A only, enter the amount from line 10 .... 12.				
13. Remaining underpayment from previous period. If the amount on line 12 is zero, subtract line 10 from line 11 and enter the result here. Otherwise, enter zero .... 13.				
14. UNDERPAYMENT. If line 6 is greater than or equal to line 12, subtract line 12 from line 6 and enter it here. Then go to line 8 of the next column. Otherwise, go to line 15 .... 14.				
15. OVERPAYMENT. If line 12 is larger than line 6, subtract line 12 from line 6 and enter it here. Then go to line 9 of next column ...... 15.				

PART 2: FIGURING THE INTEREST

	A.	B.	C.	D.
16. TOTAL UNDERPAYMENT. Add lines 13 and 14 .... 16.				
17. Enter the due date for the next quarter or the date the tax was paid, whichever is earlier. In column D, enter the earlier of the due date for the annual return or date the tax was paid ..... 17.				
18. Number of days from the due date of the quarter to the date on line 17 .... 18.				
19. Number of days on line 18 after 4/30/2003 and before 7/1/2003 ... 19.				
20. Number of days on line 18 after 6/30/2003 and before 1/1/2004 ... 20.				
21. Number of days on line 18 after 12/31/2003 and before 7/1/2004 ... 21.				
22. Number of days on line 18 after 6/30/2004 and before 1/1/2005 ... 22.				
23. Number of days on line 19 x 5.8% (.058) x amount on line 16 ...... 23. 365				
24. Number of days on line 20 x 5.4% (.054) x amount on line 16 ..... 24. 365				
25. Number of days on line 21 x 5.0% (.05) x amount on line 16 .... 25. 365				
26. Number of days on line 22 x *% x amount on line16 ...... 26. 365				
27. Underpayment of interest. Add lines 23 through 26 ...... 27.				

28. **Interest Due.** Add line 27 columns A through D and enter the result here. If not calculating penalty, enter on C-8000, line 56 or C-8044, line 22 .... 28. _____

*Interest rate will be set at 1% above the prime rate of interest for this period.

PART 3: FIGURING THE PENALTY

Federal Employer Identification Number _____

Compute penalty only if paid quarterly return(s) were not filed. Do not compute penalty for any quarter in which a timely paid estimated return was filed or there is a credit available from prior quarterly returns. Treasury will review the estimates filed and, if necessary, bill for the appropriate penalty.

		A.	B.	C.	D.
29.	Enter the amount from line 14				
30.	Enter the payment due dates from line 5				
31.	Enter the annual return due date or the date payment was made, whichever is earlier				
32.	Enter number of days from date on line 30 to date on line 31				
33.	If line 32 is greater than 0 but less than 61, multiply line 29 by 5% (.05)				
34.	If line 32 is greater than 60, but less than 91, multiply line 29 by 10% (.10)				
35.	If line 32 is greater than 90, but less than 121, multiply line 29 by 15% (.15)				
36.	If line 32 is greater than 120, but less than 151, multiply line 29 by 20% (.2)				
37.	If line 32 is greater than 150, multiply line 29 by 25% (.25)				
38.	Add lines 33 through 37				

39. Total Penalty. Add line 38 columns A through D .... 39. _____

40. Total Penalty and Interest. Add lines 28 and 39. Enter here and on C-8000, line 56 or C-8044, line 22 .... 40. _____

Annualization Worksheet

Complete this worksheet if liability is not evenly distributed throughout the year.

		A. First 3 Months	B. First 6 Months	C. First 9 Months	D. Full 12 Months
1.	Gross receipts				
2.	Business income				
3.	Compensation				
4.	Additions				
5.	Add lines 2 through 4				
6.	Subtractions				
7.	Tax base. Subtract line 6 from line 5				
8.	Apportionment percentage from C-8000H				
9.	Apportioned tax base. Multiply line 7 by line 8				
10.	Recapture of capital acquisition deduction from C-8000D				
11.	Business loss deduction				
12.	Statutory deduction, if available				
13.	Adjusted tax base. Add line 10 and subtract lines 11 and 12 from line 7 or 9, whichever applies				
14.	Reductions to tax base from C-8000S				
15.	Taxable amount. Subtract line 14 from line 13				
16.	Tax rate	1.9%	1.9%	1.9%	1.9%
17.	Tax before credits. Multiply line 15 by line 16				
18.	Tax after Investment Tax Credit				
19.	Standard small business credit from C-8000C or C-8009				
20.	Subtract line 19 from line 18				
21.	Alternate tax from C-8000C, C-8044 or C-8009				
22.	Unincorporated/S Corporation credit				
23.	Other credits from C-8000C or C-8000MC				
24.	Net tax liability. Subtract lines 22 and 23 from line 20 or 21, whichever applies				
25.	Annualization ratios	4	2	1.3333	1
26.	Annualized tax. Multiply line 24 by line 25				
27.	Applicable percentage	21.25%	42.5%	63.75%	85%
28.	Multiply line 26 by line 27				
29.	Enter the combined amounts of line 30 from all preceding columns				
30.	**ESTIMATE REQUIREMENTS BY QUARTER** Subtract line 29 from line 28. If less than zero, enter -0-. Enter here and on C-8020, line 6				

NOTE: Totals on line 30 must equal 85% of the current year tax liability on page 1, line 3.

Instructions for C-8020
Penalty and Interest Computation for Underpaid Estimated Tax

Purpose: To compute penalty and interest for underpaying, late filing or late payment of quarterly estimates. If a taxpayer prefers not to file this form, Treasury will compute any applicable penalty and interest and bill the taxpayer.

ⓘ **Note:** Penalty and interest for late filing or late payment on the annual return is computed separately. See "Computing Penalty and Interest" on page 8.

Estimated returns and payments are required from any taxpayer who expects an annual SBT liability of more than $600. Exceptions are listed below. If a taxpayer owes estimated tax and the estimated return with full payment is not filed or is filed late, penalty is 5% of tax due. Penalty increases by an additional 5% per month, or fraction thereof, after the second month, to a maximum of 25%. If the taxpayer made no estimated tax payments and none of the exceptions below apply, compute the interest due (Part 2) and the penalty for non-filing (Part 3).

Exceptions:

If any of the conditions listed below apply, do not file this form or pay penalty and interest. If a business operated less than 12 months in the preceding year, annualize figures to determine if the exceptions apply. See page 6 for complete annualizing instructions.

- The annual tax on the current annual return is $600 or less.

- The taxpayer had business activity in Michigan in the preceding tax year, but reported no tax liability.

- The taxpayer had business activity in Michigan in the preceding tax year, but was not required to file an annual return for SBT.

  ⓘ **Note:** File Form C-8030, *SBT Notice of No Return Required*, for the preceding tax year to avoid unnecessary penalty and interest.

- The estimated quarterly payments reasonably approximate the tax liability incurred for each quarter, and the total of all payments equals at least 85 percent of the annual liability. Complete the Annualization Worksheet if the liability is not evenly distributed through the tax year.

- Estimated quarterly payments reasonably approximate the tax liability incurred for each quarter, and the total of all payments equals at least 1 percent of the gross receipts for the tax year. Complete the Annualization Worksheet if the liability is not evenly distributed through the tax year.

- The taxpayer is a farmer, fisher or seafarer and files Form C-8000, *Single Business Tax Annual Return*, by March 1, or a tentative annual return with payment by January 15, and the final return on or before April 15.

- The sum of estimated payments equals the annual tax on the preceding year's return, providing these payments were made in four timely equal payments, or 12, if paid on Sales, Use or Withholding (SUW) returns, and the preceding year's tax was $20,000 or less.

Line-By-Line Instructions

Lines not listed are explained on the form.

Line 2, Account Number. Enter the same account number used on page 1 of the annual return.

PART 1: Estimated Tax Required for the Year

Line 4, Required Estimate Amount. Enter 85 percent of the annual tax amount on line 3. If a filer's preceding year's tax was less than $20,000 (annualize if less than 12 months), enter the smaller of the preceding year's tax or 85 percent of line 3.

Line 5, Payment Due Dates. Enter the due date for each quarterly return. For calendar year filers these dates are April 30, July 31, October 31 and January 31. For fiscal year filers, these dates are 4, 7, 10 and 13 months after the start of the fiscal year. Payment is due on the last day of the month.

Line 6. Divide the amount of the estimated tax required for the year on line 4 by 4 and enter this as estimated tax for each quarter. If the business operated less than 12 months, divide by the number of quarterly returns required and enter this as the estimated tax for each quarter.

Actual Quarterly Tax. If a taxpayer computes quarterly tax based on the actual tax base for each quarter, enter the tax from line 30 of the annualization worksheet. The total of the four computed amounts cannot be less than 85 percent of the current year tax liability.

Line 7. Complete column A only. Enter the amount of prior year overpayment credited to the current tax year estimates.

Line 8, Amount Paid.

Column A	Enter estimated payments made by the due date for the first quarterly return.
Column B	Enter payments made after the due date in column A and by the due date in column B.

Column C   Enter payments made after the due date in column B and by the due date in column C.

Column D   Enter payments made after the due date in column C and by the due date in column D.

If quarterly payments are made after the due date, penalty and interest will apply until the payment is received. If less than full payment is made with a late filing, the taxpayer will need to compute multiple penalty and interest calculations for each column. Attach a separate schedule if necessary.

PART 2: Figuring the Interest.

Compute the interest due for both non-filing and underpayment of the required estimated tax in this section. Follow the instructions for each line, as the interest amount is different for each quarter.

Line 17. Due Date. Enter the due date of the next quarter or the date the tax was paid, whichever is earlier. In column D, enter the earlier of the due date for the annual return or the date the tax was paid. An approved extension does not change the due date of the annual return (column D) for this computation.

PART 3: Figuring the Penalty

Compute the penalty for non-filing of the required estimated tax payments in this section. However, if a taxpayer made any estimated tax payments, or there was a credit available from a prior quarterly return, do not compute the penalty on that quarter. Treasury will review the estimates filed and, if necessary, bill the filer for the appropriate penalty on the underpayment of estimates.

Avoiding Penalty and Interest

Taxpayers with business activity in Michigan in 2003 and a 2003 tax of $20,000 or less, can avoid paying penalty and interest in 2004 by using the 2003 tax as the basis for filing 2004 estimates. Divide the 2003 tax by 4 (for example, $20,000 ÷ 4 = $5,000), and pay that amount on the 2004 quarterly due dates. Filers may also divide by 12 and pay that amount with the monthly SUW tax payment. Taxpayers who had business activity in Michigan in 2003 but didn't report tax liability or were not required to file a 2003 return can use the 2003 tax as the basis for filing 2004 estimates. In this case, the 2003 tax liability would have been zero, so quarterly payments would not be required for 2004.

If the previous year was less than 12 months, annualize the previous year's tax liability to determine if estimates are due and the amount due. See page 6 for complete annualizing instructions.

Annualization Worksheet

Taxpayers may use the annualization worksheet to determine the amount of estimates due when income is not evenly distributed through the tax year.

Each column represents a quarterly 3-month filing period.

The annualization worksheet essentially leads filers through the steps required to calculate the actual single business tax due for the tax year to date. The net tax liability is then annualized and multiplied by the percentage of estimates required for that quarter.

Line 30, Estimate Requirements by Quarter. The totals for line 30, columns A, B, C, and D, must equal 85 percent of the current year tax liability on line 3.

Attach this schedule to the return.